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## ANNUAL AUDITED REPORT **FORM X-17A-5** PART III

#### **FACING PAGE**

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

		DING_12/31/2006
	PERIOD BEGINNING01/01/2006AND ENDING_12/31/2006MM/DD/YY MM/DD/YY	
	A. REGISTRANT IDENTIFICATI	ON
NAME OF BROKER-DEALER: . <b>dvisors Edge Securities</b> ADDRESS OF PRINCIPAL PLACI	LLC E OF BUSINESS: (Do not use P.O. Box No.	OFFICIAL USE ONL' FIRM I.D. NO.
21800 Burbank Blvd., Suite 120		FEB 2 7 2007
	(No. and Street)	
Woodland Hills	CA	186
(City)	(State)	(Zip Code)
NDEPENDENT PUBLIC ACCOUNT	B. ACCOUNTANT IDENTIFICATION OF THE PROPERTY O	
	NTANT whose opinion is contained in this R	Report*
NDEPENDENT PUBLIC ACCOUNT		dle name)
NDEPENDENT PUBLIC ACCOUNT	NTANT whose opinion is contained in this R  (Name - if individual, state last, first, mid	dle name)
NDEPENDENT PUBLIC ACCOUNT DONS, Timothy Alan  241 Jutland Drive Ste 304A  (Address)	NTANT whose opinion is contained in this R  (Name – if individual, state last, first, mid San Diego	CA 92117(State) (Zip Code)
NDEPENDENT PUBLIC ACCOUNT Dons, Timothy Alan  241 Jutland Drive Ste 304A	NTANT whose opinion is contained in this R  (Name - if individual, state last, first, mid San Diego (City)	CA 92117(State) (Zip Code)
NDEPENDENT PUBLIC ACCOUNT Dons, Timothy Alan  241 Jutland Drive Ste 304A  (Address)  HECK ONE:  Certified Public Accountant	NTANT whose opinion is contained in this R  (Name - if individual, state last, first, mid San Diego (City)	CA 92117(State) (Zip Code)  PROCESSEI

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)



### OATH OR AFFIRMATION

	Steven L. Thornton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial ment and supporting schedules pertaining to the firm ofAdvisors Edge Securities, LLC, as ofDecember 31,
2006 princ	, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, cipal officer or director has any proprietary interest in any account classified solely as that of a customer, except as
follo	
	Signature
	$t_{in} O_{\alpha}$
	Title
	· Title
	Notary Public
Thic	report ** contains (check all applicable boxes):
$\boxtimes$	
$\boxtimes$	(b) Statement of Financial Condition.
$\boxtimes$	(c) Statement of Income (Loss).
$\boxtimes$	
$\boxtimes$	
	(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
$\boxtimes$	(g) Computation of Net Capital.
	(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
$\boxtimes$	(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
	(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the
	Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
	(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods
	of consolidation.
$\boxtimes$	(i) An Oath or Affirmation.
	(m) A copy of the SIPC Supplemental Report.
X	(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## TIMOTHY A. COONS, CPA 4241 JUTLAND DRIVE, SUITE 304A SAN DIEGO, CALIFORNIA 92117

858-274-5573 FAX 866-302-8284

To the Member of Advisors Edge Securities, LLC

I have audited the accompanying statement of financial condition of Advisors Edge Securities, LLC (a Delaware Limited Liability Company) as of December 31, 2006, and the related statements of income (loss) for the year then ended December 31, 2006, changes in members' equity and cash flows for the year then ended December 31, 2006 and the schedules of computation of net capital, computation of net capital requirement, and computation of aggregate indebtedness as of December 31, 2006. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U. S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advisors Edge Securities, LLC as of December 31, 2006, and the results of its operations and cash flows for the year then ended December 31, 2006 in conformity with U.S. generally accepted accounting principles. Further, in my opinion, the data shown in the schedules of computation of net capital, computation of net capital requirement and computation of aggregate indebtedness as of December 31, 2006, presents fairly, in all material aspects the information set forth therein.

Timothy A Coons, CPA

San Diego, California USA February 21, 2007

Timothy Coors

### Statement of Financial Condition December 31, 2006

### **ASSETS**

	Allowable	Non- Allowable	Total
Cash	\$ 28,396	\$ -	\$ 28,396
Prepaid expenses	-	518	518
Total Assets	<u>\$ 28,396</u>	<u>\$ 518</u>	<u>\$ 28,914</u>

### LIABILITIES AND MEMBER'S EQUITY

#### Liabilities:

Accounts Payable	<u>\$ 12,746</u>
Total Liabilities	12,746
Member's Equity	
Member's Capital	16,168
Total Member's Equity	<u> 16,168</u>
Total Liabilities and Member's Equity	\$ 28,914

The accompanying notes are an integral part of these financial statements.

Statement of Income (Loss)
For the Year January 1, 2006 through December 31, 2006

Revenues:	
Commissions	\$ -0-
Other revenue	-0-
Total Revenues	-0-
Costs and Expenses:	
Regulatory fees and licenses	3,473
Professional services	33,725
Insurance	80
Travel and entertainment	9,338
State taxes	800
Office expenses	3,600
Other	1,612
Total Costs and Expenses	52,628
Net Income (Loss) Before Taxes	(52,628)
Taxes	0-
Net Income (Loss) for the period	\$ (52,628)

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Member's Equity For the Year Ended December 31, 2006

	Capital	
Balance, December 31, 2005	\$	18,796
Capital contributions		50,000
Net Income (Loss) for the period		(52,628)
Balances, December 31, 2005	\$	16,168

The accompanying notes are an integral part of these financial statements.

# Advisors Edge Securities, LLC

Statement of Cash Flows
For the Period January 1, 2006 through December 31, 2006

### Cash Flow from Operating Activities-

Net Income (Loss) for the period	\$(52,628)
Add (Deduct)	
Increase in prepaids	( 60)
Increase in accounts payable	7,509
Net Cash provided (used) by Operating Activities	(45,179)
Cash Flow from Financing Activities-	
Capital contributions	50,000
Net Cash provided (used) by Financing Activities	50,000
Change in cash	4,821
·	ŕ
Cash Balance, December 31, 2005	\$ 23,575
Cash Balance, December 31, 2006	\$ 28,396
•	+ TD > 0

The accompanying notes are an integral part of these financial statements.

### Schedule I Computation of Net Capital December 31, 2006

Net Capital – Member's Equity	\$	16,168
Additions (Deductions) from Equity Non-allowable assets	(	518)
Net Capital	\$	15.650

#### Schedule II Computation of Net Capital Requirement December 31, 2006

Minimum Net Capital Based on 12.50% Aggregate Indebtedness	\$ 1,593
Minimum Dollar Requirement	5,000
Excess Net Capital	10,650
Excess Net Capital @ 1000%(Net Cap-10%A.I.)	14,375

#### Schedule III Computation of Aggregate Indebtedness December 31, 2006

Total aggregated indebtedness from liabilities From financial condition	\$ 12,747
Ratio of aggregated indebtedness to net capital	81.5%

There were no differences between the company's audited and initial unaudited computation of net capital requirement and computation of aggregate indebtedness reported by the company on its Form X-17A-5, Part IIA for the year ended December 31, 2006.

The accompanying notes are an integral part of these financial statements.

## Advisors Edge Securities, LLC

Notes to Financial Statements December 31, 2006

### Note 1: Significant Accounting Policies -

As a registered accommodation broker-dealer in securities, the Company is subject to the Securities Exchange Act of 1934. The Company uses the accrual method of accounting for financial reporting purposes.

The Company has executed agreements with Pershing, LLC and Pershing, LLC for the handling of customer securities transactions on a fully disclosed basis.

The Company introduces and forwards all customer and principal transactions involving purchases and sales of securities to another broker or dealer who carries such accounts on a fully disclosed basis. The Company promptly forwards all funds and securities received in connection with its activities with other brokers and does not otherwise hold funds or securities for or owe money or securities to customers.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and demand deposits at banks and security firms.

In conformity with U.S. generally accepted accounting principles, preparation of financial statements may require the use of management's estimates.

### Note 2: Capital Requirement -

The Company, as a registered accommodation broker-dealer in securities, is required to comply with the net capital provisions of the Securities Exchange Act of 1934. Under that rule, the Company had net capital, as defined, of \$15,650, which is \$10,650 in excess of the minimum amount required to be maintained. There were no differences between the Company's audited and initial unaudited computation of net capital, computation of net capital requirement and the computation of aggregate indebtedness reported by the Company on its unaudited Form X-17A-5, Part IIA for the period ended December 31, 2006.

Initial unaudited net capital \$15,650 Audited net capital \$15,650

#### Note 3: Related Party -

The Company is a single member limited liability company owned by Advisors Edge Holdings, Inc. a California corporation.

Notes to Financial Statements December 31, 2006 (Continued)

Note 4: Exemption From Computing Reserve Requirements and other Provisions

The company is exempt from computing the Reserve Requirement for the period ending December 31, 2006 as per the Security and Exchange Commission Rule 15c3-3 and is also exempt from the provisions of the Possession or Control provision as per the Security and Exchange Commission Rule 15c3-3(k)(2)(ii).

## TIMOTHY A. COONS, CPA 4241 JUTLAND DRIVE, SUITE 304A SAN DIEGO, CALIFORNIA 92117

858-274-5573 FAX 866-302-8284

To the Member of Advisors Edge Securities, LLC

I have examined the financial statements of Advisors Edge Securities, LLC (a Delaware Limited Liability Company) as of December 31, 2006 and have issued an auditor's report thereon dated February 21, 2007.

As part of that examination, I planned, performed and evaluation of the systems of internal control to the extent I considered necessary to evaluate the system as required by U.S. generally accepted auditing standards and Rule 17a-5 of the Securities and Exchange Commission. This planning, performing, and evaluating included the accounting system, the procedures for safeguarding securities, and the practices and procedures followed in making the (i) periodic computations of aggregate indebtedness and net capital under Rule 17-a-3(a)(11) and the reserve required by Rule 15c3-3(e), (ii) for safe guarding securities that may be received for transmittal to a clearing organization, (iii) required prompt payment for securities of Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, (iv) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, (v) making quarterly security examinations, counts, verifications and comparisons, and (vi) recordation of differences required by Rule 17a-13. Rule 17a-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of my examination would be disclosed. Under U.S. generally accepted auditing standards and Rule 17a-5, the purposes of such planning, performance, and evaluation are to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures necessary for expressing an opinion on the financial statements and to provide a basis for reporting material weaknesses in internal accounting control.

The management of the Company is responsible for establishing and maintaining internal control and practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility the objective of internal accounting control is to provide reasonable, but not absolute, assurance concerning the safeguarding of assets against loss from unauthorized use or disposition and fraud concerning the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognize that the evaluation of these factors necessarily requires estimates and judgements by management. However, for the purposes of the report under Rule 17a-5, the determination of weakness to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control to detect an error or fraud that may occur. In the performance of most control procedures, errors or fraud can result from the misunderstanding of instruction, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to risk that the

procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My planning, performance and evaluation of the system of internal accounting control for the period of January 1, 2006 through December 31, 2006, which was made for the purposes set forth in the first paragraph above and would not necessarily disclose all weaknesses or fraud in the system that may have existed during that period, disclosed no weaknesses or fraud.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the company's practices and procedures were adequate at December 31, 2006 to meet the SEC objectives. Since this work disclosed no material inadequacies, in my opinion, no material inadequacy report is required.

This report is intended solely for the information and use of the Member, management, the SEC, the NASD and other regulatory agencies that rely on rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Timothy A Coons, CPA

San Diego, California USA February 21, 2007

C/O Advisors Edge Holdings, Inc. 21800 Burbank Blvd., Suite 120 Woodland Hills, California 91367

February 21, 2007

Timothy A Coons, CPA 4241 Jutland Drive, Suite 304A San Diego, CA 92117

Dear Mr. Coons:

In connection with your examination of the statement of financial condition of Advisors Edge Securities, LLC as of December 31, 2006 and the related statements of income (loss), members' equity, cash flows and computation of net capital, computation of net capital requirement, and computation of aggregate indebtedness all as of December 31, 2006 for the purpose of expressing an opinion as to whether or not the financial statements referred to above present fairly the financial position of Advisors Edge Securities, LLC in conformity with U.S. generally accepted accounting principles, we confirm to the best of our knowledge and belief, the following representations made to you during the course of your examination:

- 1. We are responsible for the fair presentation in the financial statements of financial condition, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles.
- 2. We have made available to all
  - a. Financial records and related data.
  - b. Minutes of the member's, directors or committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3. There have been no
  - a. Irregularities involving management or other employees who have significant roles in the system if internal controls.
  - Irregularities involving employees that could have a material effect on the financial statements.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
- 4. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
- The following have been properly recorded or disclosed in the financial statements
  - a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
  - b. Capital contributions and distributions or agreements or capital contributions reserved for options, warrants, conversations or other requirements.
  - Arrangements with financial institutions involving compensating balances, line-of-credit or similar agreements.
  - d. Agreements to repurchase assets previously sold.

6. There are no -

- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
- c. There are no unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5. The Company has retained or engaged legal council, as there have been no legal matters pending or in process since or during the period January 1, 2006 through December 31, 2006 which have not been disclosed.
- 7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 8. The company has satisfactory title to all owned assets and there are no liens or encumbrances or pledges on such assets that has not been recorded on the books and disclosed in the financial statements.
- Provision has been made for any material loss to be sustained in the fulfillment of, or inability to fulfill, any sales commitments.
- 10. We have complied with all aspects of contractual agreements that have a material effect on the financial statements in the event of noncompliance.
- 11. No events have occurred to the balance sheet date that would require adjustments to, or disclosure in, the financial statements.
- 12. Subsequent to December 31, 2006 there have been no material losses arising from customer reneging or other disputed transactions.
- 13. We have no knowledge of any fraud or suspected fraud affecting the company involving (1) management (2) employees who have significant roles in internal control and (3) others where the fraud could have a material effect on the financial statements.
- 14. We have no knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, and others.
- 15. We have identified all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances

Very truly yours,
Advisors Edge Securities, LLC
Ву:
Dee Dee Levy, Operations

